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RUEHRI/AMCONSUL RIO DE JANEIRO 6984  
RUEHRG/AMCONSUL RECIFE 2834  
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UNCLAS SECTION 01 OF 03 SAO PAULO 000400

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SUBJECT: PSDB OFFICIAL EYES UPCOMING ELECTIONS

REF: (A) SAO PAULO 355; (B) BRASILIA 640 AND PREVIOUS;  
(C) SAO PAULO 316; (D) SAO PAULO 206;  
(E) SAO PAULO 102

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY.

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SUMMARY  
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11. (U) Poloff and Political Assistant met April 7 with Sao Paulo Municipal Secretary of Government Aloysio Nunes Ferreira to discuss the local and national political scene following Mayor Jose Serra's resignation to run for Governor of Sao Paulo state (ref A). Nunes, who is close to Serra, was sanguine about the prospects of his Brazilian Social Democracy Party (PSDB) to capture both the Presidency and the Governor's Palace. End Summary.

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"KASSAB ASKED ME TO STAY"  
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12. (U) On April 7, Poloff and Political Assistant visited Aloysio Nunes Ferreira in his City Hall office. In the midst of large-scale resignations of both municipal and state officials to comply with the requirement that executive branch officials resign six months before any election in which they plan to seek government office, Nunes chose to stay on as Sao Paulo Municipal Secretary of Government, an important position responsible for coordinating the work of the other Secretariats. He indicated that new Mayor Gilberto Kassab had asked him to remain to help ensure continuity in city government after the resignation of Mayor Serra and a number of Secretaries. Kassab (see ref E), a member of the Liberal Front

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Party (PFL) who was Vice-Mayor and will serve as Mayor through December 2008, has pledged to continue Serra's policies.

13. (U) By remaining in City Hall, the 61-year-old Nunes forfeited his eligibility to run for re-election to the federal Chamber of Deputies. (Note: Re-elected to Congress in 2002, Nunes took leave from the Chamber to serve in Serra's administration. End Note.) He noted that he had been elected a deputy five times, twice (1982 and 1986) to the Sao Paulo state Legislative Assembly and three times to the federal Chamber (1995, 1999, and 2003), and that was enough. He planned to help administer the city government, liaise with the Serra gubernatorial campaign, and generally make himself useful to both Serra and Kassab.

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PSDB-PFL ALLIANCE  
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14. (U) Nunes confirmed that at the Sao Paulo state level the PSDB-PFL alliance remains strong, and that although the campaign has not yet settled on a name, he was almost certain that Serra's running mate would be from the PFL. (Note: The front-runner for the Lieutenant Governor nomination appears to be Guilherme Afif Domingos, who ran for President in 1989 and is currently the President of the Sao Paulo Associao Comercial (Chamber of Commerce). End Note.) Likewise, former Governor Alckmin would choose a "pefelista" to run for Vice President on his ticket, most likely someone from the Northeast to give the ticket regional balance and help Alckmin in a critical region where he is virtually unknown; the two names most commonly mentioned are Pernambuco Senator Jose Jorge and Rio Grande do Norte Senator Jose Agripino Maia. Some influential members of the PFL are reportedly pushing for the nomination of party President Jorge Bornhausen, but the candidacy of the Senator from the southern state of Santa Catarina would not make

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sense geographically.

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SERRA AND ALCKMIN  
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15. (SBU) Poloff asked if Nunes had been surprised by the way Alckmin had contended for and ultimately won the PSDB presidential nomination (refs C-D). After a long pause, Nunes replied, "I was...He put Serra in a very difficult position." Nunes went on to explain that it was impossible for Serra to resign as Mayor to launch his presidential candidacy if he was fighting with Alckmin. Since Alckmin refused to step aside or accept a deal to end his own candidacy, Serra had no choice but to stay put. However, Alckmin's own resignation had opened up the gubernatorial option for Serra. Nunes was confident that Alckmin could overcome his 20-point deficit in the polls and run a strong race against President Lula, and very likely win. Poll results released April 7, meanwhile, showed that Serra's lead over possible rivals for the governorship had only widened.

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THE PMDB FACTOR  
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16. (SBU) Nunes, who joined the PSDB in 1997 after many years in the Brazilian Democratic Movement Party (PMDB), thought the wild card in the Governor's race would be his former political mentor, state PMDB President and former Governor (1986-90) Orestes Quercia. Lula's Workers' Party (PT) would almost certainly run former Sao Paulo Mayor Marta Suplicy; her rival for the PT nomination, Senator Aloysio Mercadante, is very well known, state- and nation-wide, but he doesn't have a strong personal or political identity like Suplicy does and, for that matter Serra. (Nunes acknowledged that Serra's "strong identity" brought with it high negative ratings that hindered him in his unsuccessful quest for the presidential nomination.) And he was confident that Serra could defeat Suplicy handily, as he did in the 2004 Mayoral race. (Comment: When Charg visited Sao Paulo this past January and met with Marta Suplicy, she asserted that if a new Mayoral race were held then, she would beat

Serra. However, post is unaware of any empirical evidence to support such a claim. Furthermore, while Nunes's prediction of a Suplicy primary victory is logical, it should be noted that President Lula favors his Senatorial ally Mercadante, and is reportedly trying to persuade Marta to withdraw. End Comment.)

17. (SBU) But Quercia, in Nunes's view, will wait until the last minute to decide what to do. He has let it be known that he doesn't really want to be Governor again, though he was leading in the polls until Serra entered the race. He would prefer to look after his many business interests. There has been much speculation among political pundits that Quercia is seeking an alliance with the PT at the state level, one which might include his candidacy for a Senate seat from Sao Paulo. However, all possible deals involving that Senate seat - and there are many under discussion -- run up against the fact that the incumbent, Eduardo Suplicy of the PT (Marta's ex-husband), apparently wants to run for re-election and is considered tough to beat. So Quercia is playing for time. He has reportedly also put out feelers to the PSDB, so far without any effect.

18. At the national level, Nunes said, the PMDB is unlikely to play a role in the presidential election. Rio de Janeiro ex-governor Anthony Garotinho, who won the party's "informal" primary (ref B), wants to run, but none of the party's leaders want him to be their standard-bearer, though they are trying hard to avoid alienating his solid bloc of evangelical supporters. Quercia recently proposed

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former President Itamar Franco as the PMDB presidential candidate, but this suggestion is impossible to take seriously. In addition, the Supreme Federal Tribunal (STF) recently ruled (ref B) that the Constitutional amendment passed by Congress eliminating the "verticalization" rule cannot take effect until the 2010 elections. With "verticalization" still in place, requiring that electoral alliances at the national level be replicated in races for governor and federal deputy, the PMDB will most likely avoid entangling national alliances in order to maintain maximum flexibility in the 15-18 gubernatorial races it plans to contest, as well as the innumerable Congressional races important to a party that wants to maintain the largest blocs in both the Chamber and the Senate.

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BIOGRAPHIC INFORMATION  
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19. (SBU) Aloysio Nunes Ferreira has enjoyed an impressively varied and often eventful political career. A militant member of the Brazilian Communist Party (PCB) in his youth, he went into exile in France in 1968, returning in 1979 when the military dictatorship declared an amnesty for political offenses. Having joined the Brazilian Democratic Movement (MDB), the legal opposition to the dictatorship, in 1966, he participated in the 1982 founding of the PMDB as the successor organization to the MDB and worked for the restoration of democracy. After two terms as a Sao Paulo state legislator - during which time he was identified as a "quercista," a close ally and strong supporter of Orestes Quercia - he was elected Lieutenant Governor in 1990 and served in that position in the administration of PMDB Governor Luis Antonio Fleury Filho. Following a term (1995-99) in the federal Chamber, during which time he switched to the PSDB, Nunes was re-elected a Federal Deputy, but departed eight months later to serve (1999-2001) as Minister of State and Chief of the Secretariat-General of President Fernando Henrique Cardoso and subsequently (2001-02) as Minister of Justice. He has served in party leadership positions for both the PMDB and PSDB. Nunes holds degrees in political science and political economy from the University of Paris system and has taught at the University of Besancon (France) and the University of Sao Paulo. He is also a lawyer who has served as a Sao Paulo state public prosecutor. End Biographic Note.

110. (U) This cable was coordinated/cleared with Embassy Brasilia.

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